

PACIFIC COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Pacific County, Washington
January 1, 1993 Through December 31, 1995

Schedule Of Findings) Chinook Water District

1. District Should Retain Records For Audit

The Chinook Water District failed to retain essential records for audit. Customer billings and subsequent records of payments by customers were not available for audit for 1994 and 1993. We were not able to ascertain the completeness of bank deposits for that period. The commissioners also failed to require any type of financial report to be submitted at the monthly commission meetings as evidenced by the minutes.

RCW 40.14.060 states in part:

Official public records shall not be destroyed unless: (a) The records are six or more years old.

Loss of records hampers the audit process, makes public records unavailable for inspection, and leaves the district in an awkward position should any customer question his or her past billings.

Had any money been lost, the loss of records voids employee faithful performance bonding.

We recommend the district remain informed as to its financial position and maintain records.

Auditee's Response

The district agrees with the finding. Currently, records are being properly maintained and will be available for the next audit.

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Schedule Of Findings) Pacific County Fire Protection District No. 1

1. Pacific County Fire Protection District No. 1 Should Avoid Conflicts Of Interest

One of the commissioners of Pacific County Fire Protection District No. 1 is part owner of a general store located across the street from the fire station. He is also part owner of the nearest gas station with large bay diesel service. On at least seven occasions during the period under audit, the district purchased in excess of \$750 of gas and supplies in a single month from those two businesses.

RCW 42.23.030 states:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein. This section shall not apply in the following cases: . . . PROVIDED, That the total volume of business represented by such contract or contracts in which a particular officer is interested, singly or in the aggregate, as measured by the dollar volume of the municipality's liability thereunder, shall not exceed seven hundred dollars in any calendar month

It was apparently the district's belief that since it was more convenient to make purchases at the commissioner's businesses this would not constitute a conflict. However, the RCW quoted above makes no such exclusion for convenience.

We recommend the district restrict purchases from its officers to the amount allowed by law.

Auditee's Response

Your suggestion as to restricting the activities that may result in profiting by various board members and officers of the District is being investigated to the complete extent of our abilities and corrective actions are being pursued. We do not take our audit report lightly and desire to improve our ability to meet guidelines and procedures.

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Schedule Of Findings) Pacific County Fire Protection District No. 2

1. District Should Comply With Rules And Regulations

During our audit of Pacific County Fire Protection District No. 2, we noted the following discrepancies:

- Fire District No. 2 keeps no official record of commissioner meetings. Minutes are required for all public meetings by Chapter 42.32 RCW.
- Vouchers are not certified to indicate goods or services were received. RCW 24.42.080 requires voucher certification.
- The district failed to bid purchases greater than the amount required for competitive bids. RCW 52.12.110 requires equipment costing over \$4,500 to be advertised for competitive bid.
- The district circumvented the county treasurer by paying for a fire truck with loan proceeds and not through the voucher process. The purchase of the truck was not recorded against the district's budget. RCW 52.26.010 requires the county treasurer to receive and disburse all district revenues.

The effects of the aforementioned include: denying the public information on the commission's official actions, not providing assurance that goods and services are actually received, failure to assure the best possible price for the district's resources, and not showing true district receipts and disbursements.

We recommend the district:

- Maintain an accurate record of commission meetings and have the minutes of those meeting available to the public and the auditor.
- Certify that goods and services are received.
- Adhere to bid requirements.
- Deposit all receipts with the county treasurer and make all expenditures by submitting a voucher to the county auditor.

Auditee's Response

The district concurs with the facts as presented in the finding. Currently, minutes are being kept, vouchers are being certified, and all transactions are being run through the county treasurer. The

district will follow bid requirements in the future.

Auditor's Concluding Remarks

Based upon the responses to these findings, it appears that corrective actions have been or will be taken. We will review these issues again during our next regular audit of the special purpose districts of Pacific County.

We would like to thank the staffs of all these districts for their assistance and cooperation throughout the course of the audit.